

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 7 – HB 632

March 2, 2017

SUMMARY OF BILL: Institutes a maximum allowable amount on certain public assistance programs at the level of the average household income in the state. Requires the Department of Finance and Administration to develop a process to manage the requirements in the bill.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$2,925,600/FY17-18
\$2,041,100/FY18-19
\$1,348,200/FY19-20 and Subsequent Years**

Other Fiscal Impact -- The provisions of the bill conflict with federal laws governing the state's participation and operation of the Supplemental Nutrition Assistance Program (SNAP), the Child Care Development Block Grant (CCDBG), and Unemployment Insurance (UI) and would jeopardize federal funding. The federal funding for these programs of approximately \$1,909,000,000 for SNAP, \$127,000,000 for CCDBG, and \$32,000,000 for UI, will be in jeopardy in FY17-18 and subsequent years.

Assumptions:

- Based on information provided by the Department of Finance and Administration (F&A), the proposed legislation adds new responsibilities to F&A which will require two new systems: an eligibility determination system and a data warehouse and analytics system.
- It is estimated the development of the eligibility determination system will result in a one-time increase in state expenditures of \$1,105,382 in FY17-18 and \$692,905 in FY18-19.
- The recurring costs associated with maintenance and ongoing support of the eligibility system are estimated to be approximately \$578,200, beginning in FY17-18.
- The second system for data warehousing and analytics requires the integration of three existing systems which include the Department of Human Services' (DHS) ACCENT system, the DHS Child Care Management System, and the Department of Labor and Workforce Development's Employment Security system.

- It is estimated the development of the data warehouse and analytics system will result in a one-time increase in state expenditures of \$472,000 in FY17-18.
- The recurring costs associated with the maintenance and ongoing support of the data warehouse and analytics system are estimated to be \$770,000 in FY17-18 and subsequent years.
- The total increase in state expenditures is estimated to be \$2,925,582 (\$1,105,382 + \$578,200 + \$472,000 + \$770,000) in FY17-18, \$2,041,105 in FY18-19 (\$692,905 + \$578,200 + \$770,000), and \$1,348,200 in FY19-20 and subsequent years (\$578,200 + \$770,000).
- Based on information provided by DHS, the proposed legislation conflicts with federal law and would jeopardize federal funding for the Supplemental Nutrition Assistance Program and the Child Care Development Block Grant.
- Based on information provided by the Department of Labor and Workforce Development, the Tennessee Employment Security Law provides unemployment benefits to eligible claimants who are unemployed through no fault of their own.
- The unemployment insurance system is employer funded, not funded by taxpayers.
- The proposed legislation conflicts with federal law and would jeopardize federal funding for Unemployment Insurance.
- Any savings in paid assistance as a result of the proposed cap would be spent on other qualifying recipients in the affected programs.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/jem